

May 19, 2006

Carol Pieper, Hearing Officer
Department of Telecommunications and Energy
One South Station, Second Floor
Boston, MA 02110

RE: Verizon New England, Inc., d/b/a Verizon Massachusetts, D.T.E. 06-26

Dear Ms. Pieper:

On February 3, 2006, Verizon New England, Inc., d/b/a Verizon Massachusetts (“Verizon”) filed to amend tariff M.D.T.E. No. 10 to introduce a late payment charge for residential customers. Verizon’s proposed tariff states that a customer shall be given 30 calendar days from the receipt of the bill for payment in full. If Verizon does not receive payment by the customer’s next billing date, the customer will be subject to a late payment charge of 1.5% per month.

On March 3, 2006, the Department of Telecommunications and Energy (“Department”) issued an Order suspending implementation of the proposed late payment charge until June 5, 2006. On March 9, 2006, the Department requested comments on the proposal.

On March 29, 2006, the Attorney General filed comments requesting that the Department reject Verizon’s proposed late payment charge. The National Consumer Law Center and Action for Boston Community Development also submitted comments opposing the proposed late payment charge. On or about April 5, 2006, Verizon submitted Reply Comments.

On or about April 26, 2006, Verizon submitted an amended proposal to charge its residential customers a fee for late payment. Contemporaneously, Verizon withdrew its previously-filed proposal from consideration. Verizon also determined that responding to the Department’s Information Request would not be necessary.

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Verizon's newest proposal exempts Lifeline customers from the requirement that residential customers pay a late payment charge. Verizon's new proposal does not allay the concerns the Attorney General identified in his comments. Notably, Verizon's newly proposed tariff would take effect May 26, 2006 even though, on March 3, 2006, the Department suspended the implementation of Verizon's proposal until June 5, 2006. The Attorney General submits this letter as confirmation of his continued opposition to Verizon's proposed late payment charge, and again requests that the Department deny Verizon's request.

Whatever the effect of Verizon's proposed late payment charge on low-income customers, the Department must address arguments that are unaffected by Verizon's changes. Because it is an increase in overall revenue, the proposed late payment charge is a general increase in rates subject to the notice, hearing, and other obligations contained in G.L. c. 159, § 20. Verizon's late payment charge would result in double recovery, as Verizon is already compensated for the cost associated with late payment through its working capital allowance. The proposed 1.5% rate is much higher than would be necessary for Verizon to recover its cost. Furthermore, the proposed rate contradicts the Department's consistent policy of not allowing interest charges on residential utility bills. These objections, first expressed in response to Verizon's previously-filed tariff, have not been relieved by Verizon's retreat from its original position.

For these reasons, then, and for the reasons expressed in the Attorney General's March 29, 2006 letter, the Department should reject Verizon's proposed late payment charge.

Respectfully submitted,

THOMAS F. REILLY
ATTORNEY GENERAL

By:

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